



PSC NEWS

Missouri Public Service Commission

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MISSOURI-AMERICAN WATER COMPANY INFRASTRUCTURE SYSTEM REPLACEMENT SURCHARGE TO GO INTO EFFECT

Jefferson City (December 18, 2003)---The Missouri-American Water Company will begin applying an infrastructure system replacement surcharge (ISRS) on the water bills of its St. Louis County customers effective December 31, 2003. The surcharge, which Missouri-American requested, will be separately identified on the bills of affected customers.

This surcharge was authorized under state legislation enacted in 2003 (HB 208). Under the law, Missouri-American Water Company can establish an infrastructure system replacement surcharge related to certain types of work performed in St. Louis County as long as the Commission determines the request for the surcharge complies with the law. If the request complies with the law, the surcharge is allowed to take effect.

Based upon an agreement of the parties in the Company's case, the surcharge will consist of an additional commodity rate to be added to the bills of affected customers in St. Louis County. The total amount paid under the surcharge will thus vary from month to month based upon each customer's actual usage. The rate to be applied to each affected class of customers will be filed with the Commission once Missouri-American re-calculates the total amount of revenue it can collect through the application of the surcharge based on how the Commission decided certain accounting issues in the case. Tariff revisions reflecting the Commission's decisions are expected to be filed by Missouri-American Water Company in the near future.

Infrastructure system replacements that are eligible for recovery through the surcharge are water utility plant projects that do not serve new customers and that are either: 1) mains and associated valves and hydrants installed as replacements for existing facilities that have worn out or were in a deteriorated condition; 2) main cleaning and/or relining projects; or 3) unreimbursed infrastructure facility relocations due to the construction or improvement of a highway, road, street, public way or other public work required by or on behalf of the United States, the State of Missouri, a political subdivision of the State of Missouri, or another entity having the power of eminent domain.

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